



STATE OF CALIFORNIA
BOND INTEREST MS F310
FRANCHISE TAX BOARD
PO BOX 1998
RANCHO CORDOVA CA 95741-1998

Interest and Interest-Dividend Payment Reporting Requirement Letter

You must report payments of interest or interest-dividends on federally tax-exempt non-California municipal bonds during 2008 to the California Franchise Tax Board (R&TC Section 18639).

The filing requirement applies whether a bond is held directly by the individual or partnership through a mutual fund, a money market fund, a unit investment trust, or other financial investment vehicle.

Payments of interest income must be reported on a per bond basis. **Payments of interest-dividends** must be reported on a per shareholder basis.

You are required to inform payees by **February 2, 2009** that you are reporting this information to the California Franchise Tax Board.

Payments must be reported if:

- Aggregate payments are \$10 or more.
- Payments are made to individuals or partnerships with a California address.

If you are not going to submit a file under this reporting requirement, please complete the information below, check the box next to the reason that applies, and return this page in the enclosed envelope to:

STATE OF CALIFORNIA
BOND INTEREST MS F310
FRANCHISE TAX BOARD
PO BOX 1998
RANCHO CORDOVA CA 95741-1998

☐ I do not have a filing requirement.

☐ I am providing the requested information through a clearing firm.

Name of clearing firm: _____

Address: _____

Telephone number: _____

☐ Other. Please explain: _____

INTEREST AND INTEREST-DIVIDEND INFORMATIONAL RETURNS

The due date for furnishing information returns for payments of interest or interest-dividends made during 2008 is June 1, 2009. *Please provide this information separately from other interest or dividend information returns that are due by March 2, 2009.*

For assistance with creating your data file, see our Technical Assistance information on page 4.

250 or More Returns

If you have 250 or more returns, you must provide the information on cartridge, diskette, or CD. See the transmittal and instructions on pages 3 and 4.

- We will accept IBM compatible cartridges, diskettes, and CDs.
- 3.5 diskettes must be formatted on an MS-DOS/PC-DOS operating system. Files should be in standard ASCII code. ZIP files are acceptable if correctly formatted.

Fewer Than 250 Returns

If you have fewer than 250 returns, you must provide the information on either a data file or paper. For paper filing, use the Hard Copy Reporting Form provided on page 5.

Make additional copies of the Hard Copy Reporting Form as necessary.

MODIFICATIONS TO IRS PUBLICATION 1220 SPECIFICATIONS

The format specifications for reporting interest and interest-dividend payments to the Franchise Tax Board are similar to the IRS specifications for 1099-B reporting in IRS Publication 1220. Exceptions to the IRS specifications for bonds and funds are listed below:

Bonds

- Use 1099-B format to record earnings on each state or local government bond. Report the income as if it were taxable for federal purposes. Note: A return is due for each bond on which interest was paid.
- Enter payment amounts in positions 55-66 of the payee "B" record. Right-justify, zero-fill.
- Enter the CUSIP number in positions 556-568. Left-justify, blank-fill.
- Enter the issuer or security name in positions 569-607. Left-justify, blank-fill.

Funds

- Use 1099-B format to record earnings from mutual funds, money market funds, and unit investment trusts. Report the income as if it were taxable for federal purposes.
- Use a separate "A" record for each fund reported. Use positions 40-42 of the "A" record to report the percentage of mutual fund portfolio income distribution attributable to bonds issued by California, Puerto Rico, Guam, and the Virgin Islands, rounded to the nearest whole number (e.g. 25.4% would be reported as 025, 25.5% would be reported as 026).
- Enter payment amounts in positions 55-66 of the payee "B" record. Right-justify, zero-fill.
- Enter the CUSIP number of the fund in positions 556-568. Left-justify, blank-fill.



STATE OF CALIFORNIA
DATA EXCHANGE TEB MS L120
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

**Federally Tax-Exempt Non-California Bond Interest and
Interest-Dividend Payment Information
MEDIA TRANSMITTAL**

Tax Year _____ Date File Submitted _____

Complete the following information, attach additional sheets if needed, and forward this form with the file. See page 4 for additional instructions.

Transmitter Information

| | |
|-----------|---|
| FEIN: | Type of file submitted (circle one): Original Replacement Correction |
| Name: | |
| Address: | |
| City: | |
| State: | |
| ZIP Code: | Type of data submitted (circle one): Bonds Funds Both |

Payer Information

| | |
|--|---|
| List name of payers and respective payee totals for the records reported on this file. | |
| Name: | Name: |
| FEIN: | FEIN: |
| No. of Payees: | No. of Payees: |
| \$ | \$ |
| Name: | Name: |
| FEIN: | FEIN: |
| No. of Payees: | No. of Payees: |
| \$ | \$ |
| Name: | Name: |
| FEIN: | FEIN: |
| No. of Payees: | No. of Payees: |
| \$ | \$ |
| Name: | Name: |
| FEIN: | FEIN: |
| No. of Payees: | No. of Payees: |
| \$ | \$ |
| GRAND TOTALS - Number of payee records reported by all payers: | GRAND TOTALS - Total of all payment amounts reported for all payers: |

Under penalty of perjury, I declare that I have examined this return, including accompanying records, and to the best of my knowledge and belief, it is true, correct and complete. In the case of records without recipients' identifying numbers, I have complied with the requirements of the law by requesting such numbers from the recipients, but did not receive them.

Signature _____ Title _____ Date _____

Media Characteristics

| | | | |
|---|---------------------------------------|------------------|--|
| CARTRIDGES | Sequence | External Label # | DISKETTES/CDs |
| Internal Header Labels (circle one): Yes No | 1 of | | File Name Used for Reporting: |
| | 2 of | | |
| Recording Mode (circle one): EBCDIC ASCII | 3 of | | Density (circle one): Single Double |
| | 4 of | | |
| Record Length=750, Blocksize=_____ | Person to contact for media problems: | | |
| Cartridge Compatibility (circle one): 3480 3490 | Name: _____ | | |
| | Telephone: _____ Ext. _____ | | |

PREPARATION INSTRUCTIONS

A. Form Preparation

Prepare a separate transmittal form for cartridge, diskette, or CD. If your organization reports on more than one media type, then a transmittal form prepared in the manner described below must accompany each media type.

1. Transmitter Information

Indicate whether the data on the media file is the original installment, a correction of specific original records, or a replacement for the original file.

Enter the name, address, city, state, ZIP code, and FEIN of the organization **transmitting** the magnetic media.

2. Payer Information

List the payer name, FEIN, the number of payee documents, and the corresponding dollar amount. If more room is needed to list additional payers, fill out and attach additional forms.

Accumulate and enter: (1) the total number of payee returns reported by all payers and: (2) the total of all payment amounts reported by all payers. If this information is reported on an attached computer list, it must be carried forward to the *Grand Total* line.

The signature line must be properly signed and dated by the person delegated this responsibility by the organization. An organization transmitting for others becomes the payer's agent and assumes responsibility for data quality and completeness.

3. Media Characteristics

IMPORTANT: Nine track magnetic tape reels are no longer acceptable. Acceptable media are cartridge, diskette, and CD.

Indicate the cartridge, diskette, or CD recording characteristics by filling in the necessary information and checking the appropriate boxes. This information should be obtained from someone in your data processing department familiar with this reporting procedure. Please consult that source if help is needed.

4. Contact Information

Enter the name and telephone number of a person we can contact for technical information or to resolve media problems.

B. File Preparation

If multiple volumes are submitted, list the volume sequence numbers on the media labels (i.e., 1 of 2, 2 of 2). If only one media file is submitted, list it as "1 of 1."

C. Password Protection

If you choose to password protect your diskette or CD before sending it to the Franchise Tax Board, please send your password to the following email address: desbond@ftb.ca.gov.

Enter the following in the subject line, "Interest and Interest-Dividend Payments on Federally Tax-Exempt Bonds," and include your:

- Business name.
- Transmitter number or other identification number.
- Password.

Write 'Password Protected' on the top of your completed transmittal that you mail with your diskette or CD. Do not send your password via the U.S. Mail as this will delay the processing of your information.

MAILING INSTRUCTIONS

Complete this form as described above and either ship or mail it with the media files to:

U.S. Mail

DATA EXCHANGE TEB MS L120
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

Private Mail Carriers

DATA EXCHANGE TEB, MS L120
SERVICE AND SUPPLY
FRANCHISE TAX BOARD
9646 BUTTERFIELD WAY
SACRAMENTO CA 95827

TECHNICAL ASSISTANCE

For technical assistance with media reporting, please call the Data Exchange Office at 916.845.3778 (not toll-free). For other questions regarding this reporting requirement, call us at 916.845.6660 (not toll-free).

NOTE: The due date for furnishing information returns for payments of interest or interest-dividends made during 2008 is June 1, 2009. ***Please provide this information separately from other interest or dividend information returns that are due by March 2, 2009.***



STATE OF CALIFORNIA
PROGRAM LIAISON TEAM MS F310
FRANCHISE TAX BOARD
PO BOX 1998
RANCHO CORDOVA CA 95741-1998

**Federally Tax-Exempt Non-California Bond Interest
and Interest-Dividend Payments**

HARD COPY REPORTING FORM

PAYER INFORMATION

Name: _____ FEIN: _____
Street: _____
City: _____
State: _____
ZIP Code: _____ Payment Year: _____

PAYEE INFORMATION

For more information on privacy and disclosure, get *Franchise Tax Board Privacy Notice* (FTB 1131) at ftb.ca.gov.

| | |
|--------------|----------------------------------|
| 1. SSN: | 7. Amount Earned: |
| 2. Name: | 8. Acct. No.: |
| 3. Street: | 9. Fund Distribution Percentage: |
| 4. City: | 10. CUSIP No.: |
| 5. State: | CUSIP Description: |
| 6. ZIP Code: | |

| | |
|--------------|----------------------------------|
| 1. SSN: | 7. Amount Earned: |
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| 5. State: | CUSIP Description: |
| 6. ZIP Code: | |

Mail to: PROGRAM LIAISON TEAM MS F310
FRANCHISE TAX BOARD
PO BOX 1998
RANCHO CORDOVA CA 95741-1998

Person to contact regarding this report:

Name: _____
Telephone: _____._____._____ Ext. _____